

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2016

Docket No. ACR2016

CHAIRMAN'S INFORMATION REQUEST NO. 17

(Issued February 14, 2017)

To clarify the basis of information provided by the Postal Service in its FY 2016 Annual Compliance Report (ACR), filed December 29, 2016,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions. Answers should be provided to the individual questions as soon as they are developed, but no later than February 21, 2017.

**First-Class Mail**

1. In Docket No. ACR2015, Chairman's Information Request No. 16 concerned First-Class Mail Single-Piece Flats and First-Class Mail Presort Flats Cost Segment 3 and Cost Segment 6 unit attributable costs.<sup>2</sup> In its response, the Postal Service asserted that it viewed the measured cost difference, specifically in Cost Segment 3.1, as anomalous.<sup>3</sup> Additionally, the Postal Service indicated that it would investigate the potential causes of this cost difference. *Id.* Similarly, the Postal Service stated that the difference in Cost Segment 6 costs "is due in part to a higher fraction of First-Class Mail Presort Flats' RPW volume being delivered on city carrier routes, relative to Single[-]Piece Flats." *Id.* However, the

---

<sup>1</sup> United States Postal Service FY 2016 Annual Compliance Report, December 29, 2016 (FY 2016 ACR).

<sup>2</sup> Docket No. ACR2015, Chairman's Information Request No. 16, February 22, 2016, question 4 (CHIR No. 16).

<sup>3</sup> Docket No. ACR2015, Responses of the United States Postal Service to Question 1-4 of Chairman's Information Request No. 16, February 29, 2016, question 4 (Responses to CHIR No. 16).

Postal Service acknowledged that the “magnitude of the difference is unexpectedly large.” It assured the Commission that it was investigating the source of the observed cost differences. *Id.*

- a. Has the Postal Service identified the cause of the anomalous result for Cost Segment 3.1 in FY 2015?
  - i. If yes to part a., please describe the Postal Service’s findings.
  - ii. If yes to part a., please confirm that the identified cause(s) of the anomalous result for Cost Segment 3.1 were remedied in its FY 2016 Annual Compliance Report (ACR) filing. If not confirmed, please explain.
  - iii. If no to part a., please explain.
- b. Has the Postal Service identified the cause of the unexpected result for Cost Segment 6 in FY 2015?
  - i. If yes to part b., please describe the Postal Service’s findings.
  - ii. If yes to part b., please confirm that the identified cause(s) of the anomalous result for Cost Segment 6 were remedied in its FY 2016 ACR filing. If not confirmed, please explain.
  - iii. If no to part b., please explain.

By the Chairman.

Robert G. Taub